

# Tompkins County Soil and Water Conservation District

## **ACCOUNTING POLICIES AND PROCEDURES MANUAL**

**A framework of general fiscal procedures for the district**

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This manual was approved at the regular meeting of the Board of Directors on xx/xx/2015

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# **I. Introduction**

The purpose of this manual is to describe all accounting policies and procedures currently in use at Tompkins County Soil and Water Conservation District and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency. The district uses the modified accrual basis of accounting. The modified accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time. The District maintains an availability period of 30 days at the end of the fiscal year.

All district staff with a role in the management of fiscal and accounting operations is expected to comply with the policies and procedures in this manual. It is the intention of the district that this accounting manual serves as our commitment to proper, accurate financial management and reporting. At any time due to staffing, certain deviation from this policy may occur which is beyond the district's control.

These policies will be reviewed annually and revised as needed by the staff and approved by the Board of Directors.

## **II. Division of Responsibilities**

The following is a list of personnel who have fiscal and accounting responsibilities:

### ***Board of Directors***

1. Reviews and approves the annual budget
2. Reviews and approves financial statements and information
3. Reviews manager and staff performance annually and establishes the salary
4. Reviews and approves contracts made with the district
5. Reviews and approves all expenditures of the district (vouchers, online payments, credit card, etc.)
6. Reviews and approves all policies
7. Reviews and approves all grant submissions
8. Requires that an annual audit is performed yearly
9. One board member will be elected treasurer
10. Treasurer and one board member (usually chair) are authorized by board as signatories on all bank accounts, and review and sign all issued checks
11. Convene a Finance Committee that conducts a quarterly internal audit of the district finances.

### ***District Manager***

1. Sees that appropriate budget is developed annually
2. Submits all grant applications
3. Approves inter-account bank transfers and submits to Board at next monthly meeting with financial reports.
4. Is on-site signatory for all bank accounts as authorized by the board of directors
5. Reviews bank statements for any irregularities, periodically reviews bank reconciliations
6. Approves all program expenditures and oversees expense allocations
7. Reviews all payrolls and is responsible for all personnel files
8. Reviews all financial reports
9. Reviews and approves all reimbursements and fund requests
10. Reviews all incoming and outgoing invoices
11. Receives all district mail
12. Monitors and manages all expenses to ensure most effective use of assets
13. Monitors grant reporting and appropriate release of temporarily restricted funds
14. Monitors and makes recommendations for asset retirement and replacement
15. Reviews, revises, and maintains internal accounting controls and procedures and oversees adherence to all internal controls
16. Manages all aspects of the district office

### ***Fiscal Officer***

1. Overall responsibility for data entry into accounting system and integrity of accounting system data
2. Processes invoices and prepares checks for signature
3. Makes bank deposits, monitors all bank accounts
4. Processes payroll
5. Processes all inter-account bank transfers
6. Manages the petty cash fund
7. Opens mail, date stamps and delivers to district manager
8. With district manager develops annual budget
9. Prepares monthly and year-end financial reports
10. Reconciles all bank accounts
11. Mails all checks for payment
12. Manages Accounts Receivable
13. Maintains records and personnel files
14. Performs year end adjusting entries
15. Manages credit card purchases
16. Issues 1099's and W-2's at year end
17. Updates procurement log as necessary

### **III. Chart of Accounts and General Ledger**

Tompkins County Soil and Water Conservation District has designated a Chart of Accounts issued by the Office of the State Comptroller for the state of NY specific to its operational needs and the needs of its financial statements. The Fiscal Officer is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using QuickBooks software. All input and balancing is the responsibility of the Fiscal Officer with final approval by the Manager.

The Manager should review the general ledger on a periodic basis for any unusual transactions.

### **IV. Cash Receipts**

Cash receipts generally arise from:

1. Contracts and Grants
2. Direct donor contributions
3. Program income

The principal steps in the cash receipts process are:

When checks come in the mail the Fiscal Officer will open the mail and date stamp the check. The Check will be reviewed against the accounts receivable log in the Harvest Software. The District Manager will review the mail each day and file the check for deposit. The Check will then be processed for deposit into the district's bank account through Quickbooks by the Fiscal Officer. The District Manager or other employee will hand deliver the check to the bank and obtain a receipt which will be stapled to the cash book receipt or invoice and filed in the deposits folder for the year.

Employees handling cash will have the necessary knowledge and skills to perform the job and will be carefully supervised. A three part cash receipt book will be used for all cash and check purchases; one receipt will accompany all cash and check transactions and will be kept in a locked unit until deposit can be made. A second copy receipt will be given to the paying party; the third copy will remain in receipt book and be kept for internal purposes. All checks will be deposited immediately. All cash received will be counted and verified by the Fiscal Officer, and will be kept in a locked secure location and be deposited in a timely matter. A \$50 change purse will be kept in a locked secure cabinet that the employees handling cash have access to in case change needs to be made. This purse will be periodically and randomly audited by the Manager to make sure \$50 is always maintained in the purse.

In the event that neither the Fiscal Officer nor the manager is in the office, all checks will be endorsed with the For Deposit only stamp located at the Fiscal Officers desk.

Periodically the Manager will do a random audit of receipt book with actual deposits made.

## **V. Inter-Account Bank Transfers**

The District maintains multiple bank accounts for operating, grant management and investment purposes

The Fiscal Officer monitors the balances in accounts

The Fiscal Officer will transfer funds to maintain fund integrity and appropriate account balances as deposits and expenses occur

The Manager will monitor and review all transfers when reviewing bank statements

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## **VI. Cash Disbursements & Expense Allocations**

Cash disbursements are generally made for:

1. Payments to vendors for goods and services
2. Payroll taxes, and liabilities
3. Staff training and development
4. Monthly business expenses

The Board of Directors shall provide approval for all disbursements. Checks are prepared twice a month for board member signature, once for the monthly board meeting and once at the end of the month to meet due dates. Recurring disbursements may be set up electronically with vendor via Electronic Funds Transfer or credit card with prior board approval.

Requests for cash disbursements are received by the Fiscal Officer in three ways:

1. Original invoice, or contractual obligation
2. Payroll and Liability payments are scheduled through QuickBooks. Federal tax liability and NY Deferred compensation payments are paid within three days of pay period. NY State, Retirement and Insurance liabilities are paid monthly
3. Employee expense report or reimbursement request submitted in person or via email
  - Every employee reimbursement must be documented on the approved form with travel mileage, receipts, and nature of business
  - Employees should make every effort to ensure that purchases do not include sales tax. The district has a Tax-exempt letter from NYS Taxation and Finance that should be provided to employees to be presented with all purchases

The Fiscal Officer will prepare an internal voucher to attach to each invoice detailing what the bill was for and which account it is expensed to and give to Manager

The Manager reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Signs and dates voucher
5. Submits to the Fiscal Officer for processing

The Fiscal Officer processes all payments and:

1. Enters information in QuickBooks and on the monthly abstract
2. Prints checks according to allocation and payment date
3. Submits checks, with attached backup documentation, to Board Treasurer for approval and signature
4. Mails checks
5. Files all monthly backup documentation with abstract



## **VII. Credit Card Policy and Charges**

1. The District has one credit card that can be used by staff if authorized by the District Manager. Receipts will be obtained and given to clerk to enter in QB's for payment. A log will kept of all recurring payments that are charged to the card.
2. Credit cards will only be used for business purposes. Personal purchases of any type are not allowed.
3. Cash advances on credit cards are *not* allowed.
4. SWCD staff may use credit card for purchases if approved by manager. If the card is needed for a business trip a card holder agreement will be filled out.
5. Detailed receipts must be obtained and returned with credit card to clerk who will log the purchase in QB's and keep receipt until it can be attached to the credit card statements.
6. Monthly statements, with attached detailed receipts will be presented at the monthly board meeting for approval.
7. Cardholders should make every effort to ensure that purchases do not include sales tax. The District has a Tax-exempt letter from NYS Taxation and Finance that should be provided when employee requests use of credit card, to be presented with all purchases.

## **VIII. Accruals**

To ensure a timely close of the General Ledger, the Tompkins County Soil and Water Conservation district may book accrual entries. Some accruals will be made as recurring entries.

Accruals to consider:

1. Recurring expenses, including employee vacation accrual, prepaid NYS Retirement, depreciation, etc.

## **IX. Bank Account Reconciliations**

1. All bank statements are retrieved electronically by the Fiscal Officer. The checking account bank statement comes in the mail, is date stamped by Fiscal Officer and given to Manager unopened to be reviewed for suspicious activity.
2. The Fiscal Officer performs timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Fiscal Officer will attach the completed bank reconciliation to the applicable bank statement, and file.
4. The reconciliation report will be reviewed, approved, dated, and initialed quarterly by Manager.

## **X. Petty Cash Fund**

Petty cash funds are maintained by the Tompkins County Soil and Water Conservation district. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$50 and is kept in a locked file cabinet at all times.
2. The Fiscal Officer oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Fiscal Officer. Receipts for items purchased with petty cash must be included with the return.
5. The Fiscal Officer will replenish petty cash when funds become low. A voucher will be completed with all expense information and receipts attached for processing.

A second petty cash fund of \$50 is requested at the beginning of the year. This is established for change for the district's earned income programs. The following is the procedure to utilize the "change purse"

- 1.) Landowner pays for good or service at front desk to fiscal officer (or SWCD staff if Fiscal Officer is not available) with cash higher than cost of actual good or service sold.
- 2.) Fiscal Officer or staff retrieves change purse from locked cabinet by front desk and removes the \$50 to make change.
- 3.) A TCSWCD change purse entry form is completed and put into yearly binder at clerk's desk

- 4.) The money that was collected for the cost of the good or service will be put into the locked safe by the Fiscal Officer or put under the clerk's keyboard along with cash receipt. Fiscal Officer will be alerted at the earliest opportunity to transfer cash from under keyboard to safe.

## **XI. Property and Equipment**

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Vehicles

It is the Tompkins County Soil and Water Conservation district's policy to capitalize all items which have a unit cost greater than \$10,000. Items purchased with a value or cost less than \$10,000 will be expensed in the period purchased. The district will use the straight line depreciation. The depreciation period for vehicles shall be 7 years.

1. A Capitalized Asset Log is maintained by the Fiscal Officer including date of purchase, asset description, and purchase price.
2. The Log will be reviewed periodically by the Manager.
3. Annually, a physical inspection and inventory will be taken of all capitalized assets and reconciled to the general ledger balances.
4. The Manager shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

## **XII. Personnel Records**

1. All personnel files contain the following documents: an application and/or resume date of employment, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, termination data where applicable, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Manager.
2. All employees will fill out an I-9 form and submit the allowable forms of identification to the Fiscal Officer.
3. The completed I-9 forms will be kept in a secure location separate from the personnel files.
4. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.
5. The Fiscal Officer will maintain all records in personnel folders.

### **XIII. Payroll Processing**

1. Timesheets are to be prepared by all staff on the approved form and submitted at the end of each pay period for review and approval by the Manager.
2. Timesheets are to be kept on a daily basis and completed in ink – unless prepared electronically.
3. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable.
4. Timesheets are to be signed and dated by the employee and the Manager. The manager will inform the Fiscal Officer if any changes need to be made to the employees set salary.
5. The Fiscal Officer will process payroll the Monday following the end of a pay period.
6. Paystubs will be distributed the Wednesday after the end of the pay period, funds will be direct deposited in employee's bank accounts.
7. The Manager will review payroll expenditures and allocations periodically.
8. Individual files are kept for payroll liabilities payments with instructions how to file on line.
9. All quarterly federal and state payroll reports will be prepared and filed appropriately.
10. All W-2 statements are issued to employees prior to January 31<sup>st</sup> of the following year for the prior calendar year.

## **XIV. Procurement and Expenditures Policy**

This policy sets forth the procedures of the Tompkins County Soil and Water Conservation District to meet the requirements of §103 and § 104-b of the New York State General Municipal Law. Goods and services which are not required by law to be procured pursuant to competitive bidding must be procured in a manner so as to assure the prudent and economical use of public moneys, in the best interest of the taxpayers, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances, and to guard against favoritism, imprudence, extravagance, fraud and corruption.

### **GENERAL**

Comments concerning this policy have been solicited from the Directors and those involved with procurement and/or expenditures. This policy shall be reviewed annually.

General Municipal Law § 103 states the competitive bidding limits for goods and services and for public works contracts that must be followed.

Statutory exemptions listed under General Municipal Law, State Finance Law, and Correction Law will be followed where appropriate.

§104-b of the General Municipal Law requiring adoption of procurement policies for items subject to competitive bidding is hereby followed.

The attached Procurement Chart will be used for all purchases and public work contracts to assure that item's are purchased with the best economical use of public monies, in accordance with the General Municipal Law.

Each purchase will be reviewed to determine its status according to the Procurement Chart.

### **ITEMS NOT SUBJECT TO COMPETITIVE BIDDING**

It is the sole discretion of the Board of Directors to set forth circumstances when, or types of procurement for which, solicitations of proposals or quotations, that are not subject to competitive bidding, are not in the best interest of the Tompkins County Soil and Water Conservation District and exempts those items from quotation. Those items include but are not necessarily limited to those on the Procurement Chart.

A good faith effort shall be made to obtain the required number of bids or verbal and written quotations as appropriate. The inability to obtain quotations will not be a bar to procurement.

### **APPROVAL OF EXPENDITURES**

The Board of Directors has final approval on all purchases/expenditures. Expenditures may be made by the District Manager without prior audit approval for:

- Salaries and liability payments.

- Payments made pursuant to a court order
- Retirement Contributions to the NYS Local and Retirement System as billed by the State Comptroller
- Bills for regular expense items, if by doing so, late charges, cancellations, or credit rating impacts will be avoided which includes:
  - Excellus BC/BS – Dental Insurance/Vision Insurance – Lifetime Benefits Solutions
  - Tompkins County Municipal Health Insurance
  - Clarity Connect – Web/Email Hosting
  - Harvest – Employee Time Tracking software
  - Verizon Wireless – Wireless Internet device contracts
  - Tompkins County ITS Phone contract
  - Tompkins County Printer/Scanner contract
  - Employee Wages/Liabilities
  - Invoices for work completed under a previously approved contract budget with appropriate documentation of Engineering certification/District BMP certification and that all BMP's under SWCD-Landowner agreement have been completed with appropriate landowner match shown.
- Postage Supplies up to \$250.
- Petty Cash payments for small amounts and infrequent purchases such as office supplies up to \$250.
- Maintenance of the vehicle fleet up to \$750.

In order to assure that the federal funds are used in compliance with all applicable federal statutory and regulatory provisions, and that costs are reasonable and necessary for operating federally funded programs, and funds are not used for general expenses required to carry out other responsibilities of the District, all expenditures must be reviewed according to OMB Circular A-87 to determine that costs are allowable expenses under the grant, that they are reasonable in nature and amount, and are allocable to the grant and have not been and should not be paid for by any other source of funding. Furthermore, a cost allocation plan should be documented and established for indirect costs, unless apportioned and charged as direct costs.

In order to comply with Minority and Women Business Enterprise Utilization requirements, for all purchases/contracts requiring at least two written quotes, the Empire State Development Minority and Women Owned Business Searchable Database with a market area of the Southern Tier, Central NY, or Finger Lakes will also be used.

## PROCUREMENT CHART

ITEM	COMPETITIVE BID REQUIRED	STATUTORY EXEMPTION	SWCD EXEMPTION	WRITTEN QUOTES
Purchases from \$0 to \$999			<b>X</b>	
Purchases from \$1000 to \$2999				<b>2</b>
Purchases from \$3000 to \$9999				<b>3</b>
Purchases over \$10,000	<b>X</b>			
Public Works Contract from \$0 to \$2,999			<b>X</b>	
Public Works Contract from \$3,000 to \$19,999				<b>3</b>
Public Works Contract over \$20,000	<b>X</b>			
Professional Services or Professional Skills and Knowledge *			<b>X</b>	
Purchases from Agencies for Blind or Severely Handicapped		<b>X</b>		
Purchases from Correctional Institutes		<b>X</b>		
Public Emergencies			<b>X</b>	
Surplus or Second-hand Purchases from another Government			<b>X</b>	
Lease of Equipment			<b>X</b>	
Standardized Equipment/Materials/ Supplies Previously Awarded to a supplier in last 3 years			<b>X</b>	
Sole Source Availability			<b>X</b>	

**\*Professional Service Contracts:** The individual or company must be chosen based on accountability, reliability, responsibility, skill, education and training, judgment, integrity and moral worth. These qualifications are not necessarily found in the individual or company that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement procedures.

In determining whether a service fits in this category, the Tompkins County Soil and Water Conservation District Board of Directors shall take into consideration the following guidelines: (1) whether the services are subject to State licensing or testing requirements; (2) whether substantial formal education or training is necessary prerequisite to the performance of the services; and (3) whether the services require a personal relationship with the individual and the District officials. Professional or technical services shall include but not be limited to the following: services of an attorney, services of a physician; technical services of an engineer engaged to prepare plans, maps, and estimates; securing insurance coverage and/or services of an insurance broker; services of a certified public accountant; investment management services; printing services involving extensive

writing, editing or art work; management of District owned property; or services involved in substantial modification and customizing of pre-packaged software.

A Request For Proposals (RFP) will be developed to obtain Professional Services with the following criteria:

- providing detailed information concerning the type of service to be provided, including minimum requirements
- Evaluation procedure that will govern contract award
- proposal submission date
- Advertisement in the District's official newspaper or distribution to a comprehensive list of potential vendors

The unintentional failure to fully comply with the provisions of this policy shall not be grounds to void action taken or give rise to a cause of action against the Tompkins County Soil and Water Conservation District, its Directors, or employees.

### **PROCUREMENT FORM**

A procurement form will be used for all purchases over \$1000 and contracts for public works over \$3,000.

written quotes required for purchase and public works contracts will be entered or attached to the procurement form.

The Procurement form will be attached to each voucher used for purchase and information will be entered on the procurement log.

### **PROCUREMENT LOG**

A procurement log will be kept for all projects.

The log will contain:

- Board Approval Date
- Vendor/contractor selected.
- Item purchased.
- Amount of purchase
- Voucher # used.



## **XV. Investment Policy**

Assure the continued prudent and economical use of public monies as practiced by the employees and officers of the Tompkins County Soil and Water Conservation District; to define the authority and procedures in carrying out this policy; to comply with General Municipal Law §39;

1. Since Tompkins Trust Company has already been designated as the official bank of the District, generally all funds of the District will be deposited in said bank. The maximum amount deposited shall not exceed \$4,000,000 at any time.
2. The Chairman, Treasurer, and Assistant Treasurer and District Manager are authorized to make investment transactions, as authorized by the Board.
3. Funds will be deposited into interest bearing accounts that will give the best rate of return on the investment.
4. The Board of Directors may, at any regular meeting, approve limits of investment with other financial institutions.
5. The monthly financial report will continue to show the current status of all accounts of the District.
6. This policy must be reviewed each year at the January or other Organizational meeting.

### **A. Permitted Investments**

District funds will be held in interest bearing accounts. Moneys not required for immediate expenditure may be invested for terms not to exceed projected cash flow needs in the following types of investments:

1. Special time deposit accounts.
2. Certificates of Deposit.

All investment obligations shall be payable or redeemable at the option of the District within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided.

### **B. Security**

All investments made pursuant to this policy shall comply with the follow conditions:

1. Investments shall be fully secured by insurance of FDIC or by obligations of New York State or obligations of the United States or obligations of federal agencies, the principal interest of which are guaranteed by the United States or obligations of New York State local government. Collateral shall be delivered to the District or a custodial bank to the account of the District or to a Federal Reserve bank. The market value of collateral supplied by any bank shall at all times equal or exceed the total principal amount of certificates of deposit, savings and checking account deposits held by the bank less applicable FDIC coverage. The bank selling the investment shall provide a list of collateral with the District and report all changes in that list.
2. Board approval and written agreements are required for all savings accounts, time deposits accounts, and certificates of deposits

### **C. Designated Funds**

The District may maintain and accrue special funds for designated District purposes and expenditures. The District Board of Directors maintains the right to authorize use of any and all District funds, at their discretion, due to unforeseen circumstances, economic hardship, or other factors beyond their control.

-Designated Savings Fund - Held in an interest bearing savings account for liabilities to New York State Agriculture and Markets. Minimum amount \$12,000

-Designated Savings Fund – Held in an interest bearing savings account for the annual payment to the New York State & Local Retirement System 51290 ERS contribution. Minimum amount of \$30,000.

-Designated Employee Liability Fund – Held in an interest bearing savings account for liabilities associated with employee vacation accruals. Minimum amount of \$20,000.

-Capital Expenditures Fund – Held in an interest bearing savings account for purchase of vehicles, equipment, and other fixed assets. Minimum amount of \$15,000.

-Designated Savings Fund - Held in an interest bearing savings account for financial contingencies and emergencies that may arise. No minimum. Any undesignated funds collected which can be put in reserve after obligations are met shall be set aside for contingencies. Every effort shall be made to steadily build this fund.

Special Fund account minimum amount balances shall be reviewed annually and may be adjusted for salary increases, release of liabilities, capital needs, and the District's current financial position.

## **XVI. Financial Reports**

The Fiscal Officer will prepare the monthly and annual financial reports for distribution to the Board of Directors. The reports will include: Monthly Abstract, statement of income and expenses, account balances of all bank accounts. A grant financial report is presented to the board quarterly summarizing income/expenses for each grant and reconciliation with bank account.

## **XVII. Fiscal Year-End Close**

Annual report to the New York State Soil and Water Conservation Committee along with a treasurer's report is due Feb 15<sup>th</sup>. The annual Treasurers report is also due to the NYS Comptroller electronically by Feb 15<sup>th</sup>.

1099's are due to landowners at the end of January. 1099's can be generated from QuickBooks. 1096's are due to the IRS by the end of February.